



Defense Finance and Accounting Service

A Presentation for: GSA SmartPay Conference
2005

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Overview



- **Program Statistics and Metrics**
- **ID Theft**
- **Recent Changes**
- **New and Pending Changes**
- **Bargaining Obligations**
- **Data Mining Pilot**
- **Best Practices**
- **Centrally Billed Accounts**

Program Size

A faint, light gray silhouette of a soldier in full combat gear, including a helmet and carrying a rifle, is positioned on the left side of the slide, partially overlapping the table content.

	FY02	FY03	FY04	FY05
Cardholders	1.3M	1.1M	1.1M	1M
Spend \$2.8B (thru 3Q)	\$3.7B	\$3.8B	\$4.0B	
Rebates \$6.5M (thru 3Q)	\$4.7M	\$7M	\$8.9M	

Metrics Comparison



**June 2005
Goal**

DoD

Def Agencies

IBA Delinquent Dollars	3.6%	2.65%	2%
IBA Percent of Cardholder 1.5%	1.2%	1.79%	
Split Disbursement	67.3%	55.6%	80%
CBA Delinquent Dollars	1.4%	0.41%	0

Expect adjustment of goals in 06

Recent Changes



- **Implementation of Mandatory Split Disbursements and Civilians**
- **Unused Ticket Research**
- **Standard Training Programs**
- **Reinstatement policy for canceled accounts**
 - **New credit check with acceptable score requirement**
 - **\$29 non-reimbursable fee**
 - **Not charged off previously**
 - **No second opportunity**
 - **Will be reinstated as a restricted card**
- **Minimum credit score for issuance of a travel card**

Credit Implications



- Impact is negligible UNLESS bill is never paid
- A single credit inquiry can result in 5 to 10 point change
- No reporting on payment history
- No reporting to credit bureaus at all unless Salary offset is unsuccessful (> 210 days)
- Will be reported irrespective of whether travel reimbursements are received
- Approximately 1/3 of new applicants decline a credit check and get a restricted card

Credit Worthiness Policy



- **Credit Check**
 - If agreed to, FICO Scores apply as follows:
 - 1-499 no card issued
 - 500-658 restricted card issued (lower limits)
 - 659+ standard card issued (regular limits)
 - If not agreed to, restricted card will be issued
- If declined, applicant will receive letter
 - To contact credit bureaus for clarification
 - Bank reps will not have more information than APC
- APCs will be able to check via www.gov-eagls.bankofamerica.com
 - Application status - states if application was declined

Missing Personal Data



- **Dec 04:** Back-up tapes discovered missing
 - **Jan 05:** Secret Service, DoD, and GSA were notified
 - **Feb 05:** List of affected cardholders provided to Service CPMs
 - **Mar 05:** Letters sent to affected cardholders
 - **Apr 05:** Returned Mail tracked to ensure cardholders were contacted
 - **May 05:** List of cardholders with Returned Mail forwarded to the DoD PMO
 - **Jul 05:** Website established for deployed Service Members to request credit report
- https://www.gcsuthd.bankofamerica.com/govt_opt_in/chr/request.aspx

FACT Act - Free Credit



Reports

- The FACT Act allows consumers three free copies of their credit report each year (one from each of the three credit bureaus)
- Residents of all 50 states, Puerto Rico, and all U.S. territories are now eligible
- Reports can be ordered online and printed immediately at www.annualcreditreport.com or they can be ordered by calling 1-877-322-8228. This site also has a form for mail orders
- Review for Accuracy - disputes should be filed with the credit bureaus immediately

Identity



Theft

- **Recognize scams** - any request to provide a full account number or SSN should be questioned
- **Review all transactions and report any disputes**
- **Laws provide avenues for protection and detection**
 - **FACT ACT - Free Credit Reports**
 - **Fair Credit Reporting Act**
 - **Check with each of the credit bureaus**
 - **Equifax: 1-800-525-6285 or www.equifax.com**
 - **Trans Union: 1-800-680-7289 or www.transunion.com**
 - **Experian Fraud Unit: 1-888-397-3742 or www.experian.com**
- **Federal Trade Commission website www.consumer.gov/idtheft**
- **Social Security Administration www.socialsecurity.gov/pubs/idtheft.htm**

New and Pending



- **Creditworthiness for Unit Card applicants**
- **Upgrading from restricted to standard cards**
- **Local Bargaining on new policies**
- **DTS enhancements / eTravel implementation**
- **CBA-related control weaknesses regarding premium travel, duplicate payment of airfare, misuse**
- **Accounts with erroneous SSNs**
- **Alternative to prepaid card**

Bargaining Obligations



- **Salary Offset** **June 20**
 - 1 Agency remaining**
- **Mandatory Split Disbursement** **M**
 - Services completed, Agencies ongoing**
- **Reinstatement fee** **May 20**
- **Creditworthiness** **May 20**
 - minimum cut off score**
 - self certification form (pending)**
- **Upgrade fee (restricted to standard card - pend**

Datamining Pilot



- **Partnership with Bank of America and VISA**
- **Each Service Component Program Manager and at least one major command participating**
- **Targeted Reports based on DoD criteria**
- **Provides opportunity to easily review aggregate spending and transactions that may be potential misuse**

Datamining Pilot



Benefits in First Nine Months

- Premium Travel Report to OUSD(P&R)
- Report on purchases on air routes with no city pair offering to GSA
- Reduced volume of charges made on blocked merchant codes
 - requiring review by two-thirds
- More visibility to scope out potential problems
 - ex. 0.06% of dollar transactions are purchases on blocked merchant codes excluding airline/hotel/rental car

Best Practices



- **Perform comprehensive monthly reviews (accounts and metrics)**
- **Compare delinquency with split disbursement utilization**
- **Provide mandatory cardholder and A/OPC training**
- **Perform reasonable spend/transaction limits and merchant category code (MCC) block review**
- **Deactivate/cancel unused accounts**
- **Compare separations/retirements to open accounts**
- **Use split disbursement and salary offset**
- **Include APCs in outprocessing steps**

CBA vs IBA (what's the difference)



- **The Government is liable for payment of the Centrally Billed Account**
- **Dependent on use, plastic may or may not be issued**
- **The account is reconciled by the Agency for charges made by all travelers**
- **CBAs are specific use, IBAs cover all travel related expenses for the individual traveler**
- **Generally, no cash is available on CBAs**
- **CBAs are subject to Prompt Payment Act Interest**

Types of CBAs



- **There are two types of Centrally Billed Accounts:**
 - **A Cardless Account**
 - **A Unit (carded) account**

Cardless Account



- **No Plastic (card) is issued**
- **Account number issued to travel agency to pay for transportation costs**
- **Used for group travel**
 - **Entire groups traveling together (bands, honor guard, etc)**
 - **New recruits**
 - **Prisoners**
 - **Infrequent travelers tickets**
- **To purchase tickets for those individuals who are exempt from IBA usage**
 - **Per Agency decision/Agency specific policy**

Unit Card



- **Specific use account**
 - **Hotels only, airlines only, etc.**
 - **Not designed to cover all individual's travel related expenses**
- **Liability for payment still remains with the Agency**
- **Plastic is issued in the individual's name**
- **May have second line of embossing**

Unit Card



- **Used primarily for group related expenses when it is important for the entire group to arrive together**
 - **Airline Tickets**
 - **Rental Cars**
 - **Lodging**
- **IBA card used for individual travel expenses**
 - **Meals**
 - **Cash**
 - **Rental Car**
 - **Lodging**

CBA Payment Clocks



Suspension Clock

- **Cycle Date**
 - **Bank Clock begins**
- **Cycle + 3**
 - **Invoice Mailed**
- **Cycle + 25**
 - **Due Date**
- **Cycle + 30**
 - **Account Past Due**
- **Cycle + 61**
 - **Account Suspends**



CBA Payment Clocks



Prompt Pay Interest Clock

- **Cycle + 10-15**
 - **Invoice Received**
 - **PPA Clock Begins**
- **Receipt Date + 30**
 - **PPA Applies**



Program Audits



- **GAO Audits:**
 - **October 2003 - 1st and Business Class Travel (#04-88)**
 - **March 2004 - Unused Tickets (#04-398)**
 - **June 2004 - Improper Payments (#04-576)**
- **DODIG Audit Mar 2004 - Defense Agencies**
- **USAF April 2003 - CBAs for Travel**

GAO reports can be viewed on line at www.gao.gov

Policy Changes



- **Premium Class Travel** (Includes 1st Class and Business Class)
Changes were made to the JTR/JFTR
- **Unused Airline Tickets**
 - OUSD-AT&L Memorandum dated June 4, 2004
 - OUSD-C Memorandum dated May 21, 2004
 - OUSD-C Memorandum dated June 2, 2004

Policy Changes



- **Unused Airline Tickets**
 - **Reminder remarks on LES**
 - **Request GSA's assistance in getting automatic refunds**
 - **Fielding DTS**
 - **Researching/recovering costs of unused tickets**
- **Improper Payments**
 - **Changes were made to the JTR/JFTR**
 - **OUSD-C Memorandum dated May 21, 2004**
 - **DD 1351-2, Travel Voucher, Revised**

Memos can be found on the DFAS website at www.DoD.Mil/DFAS

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